



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2017 Biennium

<b>Bill #</b>	HB0620	<b>Title:</b>	Establishing all-payer claims database
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<b>Primary Sponsor:</b>	Redfield, Alan	<b>Status:</b>	As Introduced
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|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact     | <input checked="" type="checkbox"/> Needs to be included in HB 2 | <input checked="" type="checkbox"/> Technical Concerns   |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts           | <input type="checkbox"/> Dedicated Revenue Form Attached |

### **FISCAL SUMMARY**

	<b><u>FY 2016</u></b> <b><u>Difference</u></b>	<b><u>FY 2017</u></b> <b><u>Difference</u></b>	<b><u>FY 2018</u></b> <b><u>Difference</u></b>	<b><u>FY 2019</u></b> <b><u>Difference</u></b>
<b>Expenditures:</b>				
General Fund	\$1,024,500	\$74,500	\$275,618	\$279,752
<b>Revenue:</b>				
General Fund	\$0	\$0	\$0	\$0
<b>Net Impact-General Fund Balance:</b>	<u>(\$1,024,500)</u>	<u>(\$74,500)</u>	<u>(\$275,618)</u>	<u>(\$279,752)</u>

**Description of fiscal impact:** HB 620 establishes the Montana All-Payer Claims Database (APCD), to collect and analyze health care services information, and provide health care pricing and quality transparency. The database would be developed and maintained by the State Auditor's Office, with applicable claims data being submitted by the various health plans.

### **FISCAL ANALYSIS**

#### **Assumptions:**

#### **State Auditor's Office (SAO)**

1. The bill requires the SAO to establish criteria and contract with a vendor; promote the information contained in the database; publish reports and raise awareness; and consult with interested parties.
2. One FTE Administrative Specialist band 6 will be needed at an annual cost of \$74,500 for salary and benefits.
3. The bill requires the SAO to establish and oversee the development and continued use and maintenance of the database.

- The SAO will contract with a third-party vendor to create the database at a cost of \$950,000 over the biennium, requested as a biennial appropriation in FY 2016 and continuing into FY 2017, and annual maintenance of \$200,000 in FY 2018 and beyond.
- There is a 1.5% inflationary factor applied to FY 2018 and FY 2019 personal services and operating costs.

**Department of Administration (DOA)**

- The State of Montana Employee Group Benefits Plan (plan) utilizes the services of a third party administrator (TPA) to process and pay claims. The plan is self –insured. As part of the contract, the TPA is required to submit claims data to the plan’s data warehouse. The additional charge by the plan’s current TPA would be \$750 per data feed. If the claims data feed were to be submitted on a monthly basis, there would be a cost of \$9,000 (\$750 X 12).

	<u>FY 2016 Difference</u>	<u>FY 2017 Difference</u>	<u>FY 2018 Difference</u>	<u>FY 2019 Difference</u>
<b><u>Fiscal Impact:</u></b>				
FTE	1.00	1.00	1.00	1.00
<b><u>Expenditures:</u></b>				
Personal Services	\$74,500	\$74,500	\$75,618	\$76,752
Operating Expenses	\$959,000	\$9,000	\$209,000	\$212,000
<b>TOTAL Expenditures</b>	<u>\$1,033,500</u>	<u>\$83,500</u>	<u>\$284,618</u>	<u>\$288,752</u>
<b><u>Funding of Expenditures:</u></b>				
General Fund (01)	\$1,024,500	\$74,500	\$275,618	\$279,752
Other	\$9,000	\$9,000	\$9,000	\$9,000
<b>TOTAL Funding of Exp.</b>	<u>\$1,033,500</u>	<u>\$83,500</u>	<u>\$284,618</u>	<u>\$288,752</u>
<b><u>Revenues:</u></b>				
General Fund (01)	\$0	\$0	\$0	\$0
<b>TOTAL Revenues</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u></b>				
General Fund (01)	(\$1,024,500)	(\$74,500)	(\$275,618)	(\$279,752)
Other	(\$9,000)	(\$9,000)	(\$9,000)	(\$9,000)

**Technical Notes:****State Auditor’s Office (SAO)**

- This would apply to current health service corporations and any other health service corporation that might be formed in the future, and should be included in the applicability provision of 33-30-102(1), MCA, similar to what is proposed for 33-31-111 and 33-35-306.
- HB 620 allows for “user fees” to be assessed, but the amount of fees that could be generated are unknown at this time. Also, there will be no possibility of user fees until the database has been built and data has been collected - a process that could take more than a year. In the future, the APCD may become wholly or partially self-supporting, but is difficult to assess when that will occur.

**Department of Administration (DOA)**

3. Section 5 of HB 620 outlines how a plan or third-party administrator that fails to comply with the requirements of the bill is subject to a fine of up to \$5,000 per violation. The definition of a violation is not defined in this bill. Specifically, it is unclear if a violation would be considered once for the entire plan year, for each time a data feed was not provided as outlined in the rules (for example monthly or quarterly), or some other criteria.

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*Sponsor's Initials*

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*Date*

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*Budget Director's Initials*

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*Date*